

# Natural Resources Conservation Service

## Farm and Ranch Lands Protection Program

### Instructions for FRPP escrow closings

These instructions outline the steps an FRPP funded organization should complete to receive FRPP funds at closing (escrow closing).

- 1) Instruct the designated closing agent to arrange for Electronic Funds Transfer through the USDA "Vendor Express" program. A Vendor Express application packet can be obtained by calling 1-800-421-0323, or on the internet at: [www.nrc.usda.gov/dcia/eftweb.htm](http://www.nrc.usda.gov/dcia/eftweb.htm)

*Note: It takes about 3 weeks to set up EFT through Vendor Express. After that, funds can be transferred within a day or 2.*

- 2) Notify NRCS of your intent to finalize the easement not less than 30 days prior to closing. At this time, submit:
  - anticipated closing date
  - completed SF-270, Request for Advance or Reimbursement
  - list of landowner(s) receiving payment(s)
  - name and address of the proposed closing agent.
- 3) Provide closing agent instructions (Exhibit A) to the designated closing agent. Instruct the closing agent to submit the signed letter, as worded in Exhibit A, to you. Ensure that the closing agent meets all requirements outlined in the letter. Provide a copy of this letter to NRCS.
- 4) Ensure that all actions described in "Steps for Funded Sponsors" are completed.
- 5) Notify NRCS when payment should be transferred to the closing agent. This should be done no sooner than 14 days prior to closing. *Note: FRPP funds cannot remain in escrow more than 30 days.*

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**Exhibit A: Closing Agent Requirements** *(This letter should be submitted from the closing agent to the sponsoring organization. The sponsoring organization is the entity receiving the USDA, FRPP grant. The sponsoring organization will provide a copy to NRCS).*

Date:

Dear (Name of Sponsoring Organization):

Re: (Brief Description of Property)

By signing this document, I am certifying that I meet the requirements set forth herein, which ensure that the Federal funds received are used to assist in purchasing the subject easement and are handled in a manner that protects the interests of the United States of America. These instructions are in addition to any closing instructions provided by the Grantee.

I, (closing agent name), am responsible for having current knowledge of the requirements of state law in connection with closing real estate transactions and title clearance. The title insurance company must comply with all state laws, including title insurance reserves requirements. I am an approved agent licensed to engage in title insurance business in the State of Indiana.

I, (Closing agent name), will provide evidence of liability insurance coverage for errors and omissions in the amount of at least \$1,000,000 and fidelity coverage of at least \$500,000 on each individual who will have access to the federal funds or provide an indemnification agreement from the title insurance for which I will close the transaction(s) satisfactory to the Natural Resources Conservation Service (NRCS), acting on behalf of the Commodity Credit Corporation, providing for reimbursement to NRCS for any loss of Federal funds caused by fraud or dishonest or failure by the attorneys, agents, or my employees to comply with these written closing instructions. The American Land Title Association (ALTA) Closing Protection Letter Revised 3/27/87 is satisfactory to meet this condition of responsibility. Evidence of liability insurance will be provided to NRCS and the (sponsoring organization name) prior to the transfer of federal funds into escrow.

I, (Closing agent name), will not close on an easement purchase for a spouse, children, partners, or business associates that have a financial interest in the real estate to be covered by the proposed easement.

The parties to this transaction are as follows:

United States of America  
Natural Resources Conservation Service  
6013 Lakeside Blvd.  
Indianapolis, IN 46278

Grantee (Sponsoring Organization):  
(Enter Grantee's name, address and phone number)

Landowner/Grantor:  
(Enter landowner(s) names, address and phone number)

The USA's portion of purchase price for the acquisition will be sent to me from the U.S. Treasury by electronic fund transfer (EFT) prior to closing payable to the landowner(s) in the amount of \$ (to be inserted by the sponsoring organization). I am authorized and instructed to close and record within 14 calendar days of receipt of the Federal funds and I will insure that the following will occur: (1) no new encumbrances will be recorded against the Subject Property since the date of the above-referenced Title Commitment/Binder; (2) I have received the properly executed Warranty Easement Deed from the Landowner; (3) I am prepared to secure the policy of title insurance referred to below; (4) all items required to be removed, released, subordinated or otherwise handled as required by the Grantee will be completed and the applicable clearance documents recorded; (5) all taxes, homeowners assessments, etc. are paid to the date the Warranty Easement Deed is recorded; and (6) comply with any listed title commitment/binder requirements. All costs to clear title are the responsibility of the (Grantee or Grantor). If any new encumbrances have been recorded against the subject property since the date of the above-referenced title commitment/binder, I will notify the NRCS immediately and will not proceed with closing until further instructions are received.

Immediately following closing, I will issue a policy of title insurance on a standard ALTA owner's policy in the amount of the purchase price as of the time and date of the recording of the Warranty Easement Deed to (Grantee), with the United States also named as an additional insured. Said policy of title insurance will be free and clear of any and all encumbrances to the title except those that (Grantee), in consultation with NRCS, have decided are acceptable. I will deliver the following to (Grantee) immediately following closing:

1. A statement covering the agreed upon closing costs.
2. Original Policy of Title Insurance on the standard ALTA owner's policy form.
3. Recorder's certified copy of Warranty Easement Deed.
4. Original and one copy of executed settlement statements.
5. Recorder's certified copies of any clearance documents, including subordination agreements.

6. Completed IRS 1099

I acknowledge receipt of this letter and will act in accordance with its terms by promptly signing and returning to the cooperating entity a signed copy. I will provide a projected closing date, and name, address, and account number of the financial institution where electronic funds are to be deposited.

Sincerely,

Closing Agent

Projected Closing Date: \_\_\_\_\_

Total Projected Closing Costs \$\_\_\_\_\_

(with itemization for nature of debt and amount)

Name, address, and account number of financial institution where electronic funds are to be mailed.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Account Number \_\_\_\_\_

\_\_\_\_\_  
Sponsoring Organization's Signature

\_\_\_\_\_  
Date